



"WOW! I Didn't Know I Could Use it For That..."
Open Enrollment for HCSA/DCAP 2007
October 10 - November 10, 2006

Dear Commonwealth Employee:

Do you have expenses for over-the-counter drugs, laser eye surgery, child birth classes, orthodontia, physician office or prescription drug co-pays, or other expenses not covered by your medical or dental plan? Do you have childcare expenses like day camp or after school programs?

"I saved almost \$500 because my HCSA contributions were deducted before taxes from my paycheck. During the year, I paid \$2,000 for my family's out-of-pocket medical expenses such as co-pays, eye glasses and visits to the dentist's office. Not only did my HCSA reimburse these expenses, but the tax savings helped offset our healthcare costs. I will definitely re-enroll this year!" *HCSA participant*

Save money by enrolling in the Group Insurance Commission's Flexible Spending Accounts (FSA) – the Health Care Spending Account (HCSA) and the Dependent Care Assistance Program (DCAP). By participating in an FSA, you will reduce your gross income saving on both federal and state taxes. ***It is important to estimate HCSA and DCAP expenses carefully as the Internal Revenue Service requires that any unused funds at plan year-end be forfeited.*** Sign up between October 10 and November 10, 2006 to begin saving in 2007.

The HCSA program enables Commonwealth of Massachusetts employees to pay for qualified health care expenses on a pre-tax basis. All active state employees who are eligible for health benefits with the Group Insurance Commission are eligible for HCSA. Enrollment in a GIC plan is not required. You must work at least 18.75 hours in a 37.5-hour work week or 20 hours in a 40-hour work week. You can elect an annual contribution of \$500 to a maximum amount of \$2,500. Examples of qualified expenses not covered by a medical or dental plan include:

- Office visit and prescription drug co-payments
- Eyeglasses and contact lenses
- Orthodontia and dental benefits
- Hearing aids and durable medical equipment
- Smoking cessation and child birth classes
- Most over the counter (OTC) drugs such as pain relievers, antacids, and allergy medicines
- And much more . . .

DCAP enables employees to pay for qualified dependent care expenses, such as day care, after school programs, and day camp, on a pre-tax basis. Active state employees who work half-time or more and have employment-related expenses for a dependent child under the age of 13 and/or a disabled adult dependent are eligible for DCAP. Expenses must be necessary to enable you or your spouse to be gainfully employed, seeking employment, or attending school full-time. You can elect an annual DCAP contribution of up to \$5,000.

New This Year: The GIC has selected SHPS as the new plan administrator for the HCSA and DCAP programs effective January, 1, 2007. After January 1, SHPS will be responsible for reimbursing claims incurred during the 2006 and 2007 plan years. The monthly administrative pre-tax fee of \$3.75 has been reduced by 5%.

Free SHPS Debit Card Convenience: Avoid the hassles of claim submissions. If you enroll in the HCSA, you will receive a free SHPS debit card to immediately use funds in your HCSA account. Additional family cards are available for \$5.00 each for the year.

For more information about the HCSA/DCAP programs, contact SHPS at 1.866.862.2422. For forms and to learn more about this benefit, see your agency's Payroll Coordinator or visit the GIC's website: www.mass.gov/gic.

Very truly yours,

Dolores L. Mitchell
Executive Director, Group Insurance Commission